

Company Registration No 03135543

AES K2 LIMITED

**Directors' Report and Financial Statements
For the year ended 31 December 2011**

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AES K2 LIMITED

Financial Statements For the Year Ended 31 December 2011

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AES K2 LIMITED

Company Information

Directors

The following directors were in office throughout the financial year ended 31 December 2011 and subsequently except where noted

Don Lehman
John Bottomley
David Wilson
Edward Maddox (resigned 16/01/2012)
Richard Mardon (appointed 02/03/2011 and resigned 21/09/2011))
Steven Paul Hunter (appointed 30/09/2011)

Secretary

Don Lehman

Registered office

37-39 Kew Foot Road
Richmond
Surrey
TW9 2SS

Registered number

3135543

Auditors

Ernst & Young LLP
1, More London Place
London
SE1 2AF

AES K2 LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011. The directors' report has been prepared in accordance with the special provisions relating to small companies under the Companies Act, 2006.

Review of business and principal activity

The principle activity of AES K2 Limited continues to be the holding company for companies involved in the development of wind farm sites in the UK. Two of the subsidiary companies have started operating while some of them are expected to start operating in next 2-3 years once the projects are completed.

The company made provision for impairment for projects Forse & Hanna under Wind Energy Developments, Farkland, Ebbw Vale & Carrowlaverty under Your Energy Limited and Blyton Airfieldc & Percy Hill under Your Energy Holdings Limited as no recoverable economic benefits are expected from them.

On 1 April 2010, the company executed a Share Purchase Agreement with Mistral Renewable Limited and its related party Mistral invest Limited ("Seller") to acquire equity interests in eight special purpose vehicles and one wind projects development company (Your Energy Limited) for a total acquisition price of £22,757,368.

In October 2010, as part of a group reorganization, Your Energy Holdings Limited was formed and AES K2 Limited transferred the shares in those eight project companies to Your Energy Holdings Limited in exchange for additional shares in Your Energy Holdings Limited.

In November 2010, the company entered into a Forward Subscription Agreement under which the company granted Your Energy Holdings Limited, the right to receive the 90% of loan value to Your Energy Limited at the that time in exchange for an issue of ordinary shares by Your Energy Holdings Limited to Your Energy Limited.

The directors are not expecting a change in the principal activity of the company in the foreseeable future.

Results and dividends

The company's results for 2011 showed a loss of £8,377,161 (Profit for year 2010: £139,878).

The company has not declared any dividends during the year (2010: Nil). The directors do not propose the payment of a dividend.

Financial Risk Management

The company's activities are only exposed to interest rate cash flow risk as the company only has loans receivable and payable to group companies. The group to which the company belongs has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and related finance costs. The company does not use derivative financial instruments for speculative purposes.

Interest rate cash flow risk

The company has interest bearing liabilities which are mainly intercompany loans, bearing a variable rate.

Directors

The directors of the company who served throughout the year and to the date of these financial statements (except as noted) are given on page 1.

AES K2 LIMITED

Events since the balance sheet date

On 29 March 2012, the company has issued 3 ordinary shares of £1 each for a consideration of GBP 12,964,156

This transaction happened after year end as part of receiving capital contributions in 2009, 2010 and 2011. Those shares were not issued at that time and hence recorded as liability within creditors.

Auditors

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year.

Directors' statement as to the disclosure of information to the auditor

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board



Donald Lehman
Director

29 September 2012

Company Registration No: 03135543

AES K2 LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period. In preparing these accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

AES K2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AES K2 LIMITED

We have audited the financial statements of AES K2 Limited for the year ended 31 December 2011 which comprise Profit and Loss Account, the Balance Sheet, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small entities' exemption in preparing the Directors' report.



David Hales (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

28 September 2012

AES K2 LIMITED

Profit and Loss Account For the Year Ended 31 December

	Note	2011 £	2010 £
Dividend Income		1,193,369	683,410
Administrative expenses		(129,582)	(142,116)
Impairment of investments		(8,532,577)	(7,000)
Profit on ordinary activities before interest and taxation	2	<u>(7,468,790)</u>	<u>534,294</u>
Interest receivable	5	920,573	352,608
Interest payable and similar charges	6	(2,007,620)	(747,024)
(Loss)/Profit on ordinary activities before taxation		<u>(8,555,837)</u>	<u>139,878</u>
Tax credit for the period	7	178,676	-
(Loss)/Profit on ordinary activities after taxation		<u>(8,377,161)</u>	<u>139,878</u>

The loss for the year ended 31 December 2011 was derived in its entirety from continuing operations

There are no recognised gains or losses or other movements in shareholder's funds for the current and preceding financial year other than as stated in the Profit and Loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

The notes on pages 8 to 17 form part of these financial statements

AES K2 LIMITED

Balance Sheet at 31 December

	Note	2011 £	2010 £
Fixed Assets			
Investments	8	47,854,063	47,293,462
Current assets			
Cash at bank and in hand		22,173	-
Debtors due within one year	9	2,302,814	1,570,967
Debtors due after more than one year	10	24,871,165	2,491,250
		<u>27,196,152</u>	<u>4,062,217</u>
Current Liabilities			
Creditors amounts falling due within one year	11	(14,063,377)	(1,009,050)
		<u>13,132,775</u>	<u>3,053,167</u>
Net current assets		<u>60,986,838</u>	<u>50,346,629</u>
Total assets less current liabilities			
Creditors amounts falling due after more than one year	12	(40,723,674)	(21,419,600)
Provision for liabilities and charges	13	(416,732)	(703,436)
		<u>19,846,432</u>	<u>28,223,593</u>
Net assets			
Capital and reserves			
Called up share capital	14	3	3
Share Premium account	15	26,927,725	26,927,725
Profit and loss account	15	(7,081,296)	1,295,865
		<u>19,846,432</u>	<u>28,223,593</u>
Shareholders' funds	16		

The financial statements were authorized for issue by the board of directors on ~~28~~ September 2012 and signed on its behalf by


Don Lehman
Director

The notes on pages 8 to 17 form part of these financial statements

AES K2 LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2011

1 Accounting Policies

The financial statements have been prepared in accordance with the applicable United Kingdom Law and accounting standards. The particular accounting policies adopted are described below and have all been applied consistently in both the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Statement of cash flows

The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by the Financial Reporting Standard No. 1 (Revised), whereby it is not required to publish its own cash flow statement.

Group financial statements

In accordance with Section 400 (1) of the Companies Act 2006, consolidated financial statements have not been presented as the company is a wholly owned subsidiary of the AES Corporation, a company incorporated in the state of Delaware, USA which incorporates the financial statements of this company. These financial statements present information about the company as an individual undertaking and not about its group.

Administrative expenses

Administrative expenses and other similar charges are recognized in the profit and loss account as the service is received.

Interest

Interest is charged against income in the year in which it is incurred.

Dividends

Dividend income is recognised when the company's right to receive payment is established.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

AES K2 LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2011

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction

Foreign currency assets and liabilities held at the balance sheet date are retranslated at the exchange rates ruling at that date. Any resulting exchange profit or loss is dealt with in the profit and loss account

Investments

Fixed asset investments are shown at cost less provision for impairment, where there has been a permanent diminution in their value

Impairment of investments

At each balance sheet date, the company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any)

Contingent consideration

Where the amount of purchase consideration on acquisition of investments is contingent on one or more future events, the cost of acquisition includes a reasonable estimate of the fair value of amounts expected to be payable in the future. The liability is discounted and an imputed interest charge is included in profit and loss

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates

2. (Loss)/Profit on ordinary activities, before interest and taxation

This is stated after charging mainly

	2011 £	2010 £
Impairment of Investments	8,532,577	7,000
Legal and professional consultants	22,462	24,835
Rent	21,500	53,323
IT Expenses	26,133	42,608

3 Auditor's Remuneration

	2011 £	2010 £
Statutory Audit fees	9,650	9,188

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Notes to the Financial Statements For the Year Ended 31 December 2011

4. Directors' Emoluments and employees

The directors received total remuneration for the year of £1,432,473 (2010 £1,896,378), all of which was paid by various subsidiaries of the AES Corporation. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as employees of other companies within AES Corporation.

The company has no employees (2010 nil)

5 Interest receivable

	2011	2010
	£	£
Interest income on loan to subsidiary undertaking	920,573	352,608
	<u>920,573</u>	<u>352,608</u>

6 Interest payable and similar charges

	2011	2010
	£	£
Interest expense to immediate parent company	1,966,322	709,819
Unwinding of discount on contingent consideration	41,298	37,205
	<u>2,007,620</u>	<u>747,024</u>

AES K2 LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2011

7. Tax on profit on ordinary activities

	2011 £	2010 £
UK corporation tax at 26.5% (2010: 28%)	(178,676)	-
Total	(178,676)	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2011 £	2010 £
Factors affecting the tax charge for the year		
(Loss)/Profit on ordinary activities before tax	(8,555,837)	139,878
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	(2,267,297)	39,166
Expenses not deductible for tax purposes	2,429,995	12,909
Non-taxable income	(316,243)	(191,355)
Transfer pricing adjustment	(57,960)	-
Group relief surrendered for no consideration	211,505	139,280
Payment for group relief in respect of prior years	(178,676)	-
Current tax charge for the period	(178,676)	-

A reduction to the main rate of UK corporation tax to 25% was substantively enacted on 19 July 2011 and further phased reductions of 1% were subsequently substantively enacted on 26 March 2012 and 3 July 2012 such that effective 1 April 2013 the rate of UK corporation tax will be 23%. In addition, effective from 1 April 2014 the main rate of UK corporation tax will be 22%.

The phased reduction to the main rate of UK corporation tax is expected to have an impact on the future income statement tax charge of the company as a lower tax rate is applied to taxable profits, and deferred tax assets and liabilities are adjusted to reflect their reversal at a lower rate of corporation tax.

There is an unrecognised deferred tax asset of £59,057 (2010: £63,781) in respect of non-trading deficits. A deferred tax asset has not been recognised in respect of this timing difference as the directors do not anticipate suitable taxable profits to arise in the foreseeable future.

If the unrecognised deferred tax asset in respect of non-trading deficits was realised at the 24% tax rate, which has been substantively enacted, its value would be £56,694.

AES K2 LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2011

8 Investment held as fixed assets

	2011 £	2010 £
Cost		
At 1 January	49,126,492	24,174,124
Subscription of preferred shares class 'B' (Wind Energy companies)	2,167,000	2,195,000
Your Energy Limited	-	9,696,884
Your Energy Holdings Limited	6,926,178	13,060,484
At 31 December	58,219,670	49,126,492
Provision for impairment		
At 1 January	1,833,030	1,826,030
Wind Energy Limited	712,869	7,000
Your Energy Limited	6,534,856	
Your Energy Holdings Limited	1,284,852	
At 31 December	10,365,607	1,833,030
Net book value		
At 1 January	47,293,462	22,348,094
At 31 December	47,854,063	47,293,462

On 1 April 2010, the company acquired an equity interest in Your Energy Limited and in eight project companies for a total consideration of £22,757,368. Subsequently, in October 2010 as part of group reorganization, Your Energy Holdings Limited was formed and AES K2 Limited transferred the shares in those eight project companies to Your Energy Holdings Limited in exchange for additional shares in Your Energy Holdings Limited.

In November 2010, the company entered into a Forward Subscription Agreement under which the company granted Your Energy Holdings Limited, the right to receive the 90% of loan value to Your Energy Limited at the that time in exchange for an issue of ordinary shares by Your Energy Holdings Limited to Your Energy Limited.

The remaining 10% of the loan value between the Company and Your Energy Limited is shown under the Loans caption of Debtors due after more than one year.

On 9 December 2011, the company further acquired 4 shares in Your Energy Holdings limited for a consideration of GBP 3,028,000 and made an advance for shares to be issued of 3,898,179. Those shares were subsequently issued in on 29th March 2012.

The company made provision for impairment of £8,532,577 for projects Forse & Hanna under Wind Energy Developments, Farkland, Ebbw Vale & Carrowlavery under Your Energy Limited and Blyton Airfieldc & Percy Hill under Your Energy Holdings Limited (2010 £7,000) in investments pursuant to decision that some projects would not be pursued further and thus providing for the cost of investments in those projects.

AES K2 LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2011

Details of the investments in which the Company held more than 20% of the nominal value of any class of share capital either directly or indirectly as at 31 December 2011 were as follows

Name of company	Country of incorporation	Type of shares	Proportion of voting rights and shares held	Nature of business	Net income/(loss) for the year ended 31 December 2011 £	Aggregate capital and reserves/(deficit) as at 31 December 2011 £
Subsidiary undertakings						
Directly held or Group companies						
WE (Dunan) Holdings Limited *	Great Britain	Ordinary	53 1%	Holding company	-	-
WE (Earlshaugh) Holdings Limited	Great Britain	Ordinary	53 1%	Holding company	(327,862)	2,092,366
WE (Forse) Holdings Limited	Great Britain	Ordinary	53 1%	Holding company	(18,319)	(75,159)
WE (Glencalvie) Holdings Limited	Great Britain	Ordinary	53 1%	Holding company	(394,708)	(293,059)
WE (Hanna) Holdings Limited	Great Britain	Ordinary	53 1%	Holding company	(58,814)	(338,881)
WE (Hearthstanes) Holdings Limited	Great Britain	Ordinary	53 1%	Holding company	(17,264)	618,091
WE (Newfield) Holdings Limited	Great Britain	Ordinary	51 8%	Holding company	(523,600)	1,562,588
WE (North Rhins) Holdings Limited	Great Britain	Ordinary	100 0%	Holding company	(12,465)	4,247,755
WE (Services) Holdings Limited	Great Britain	Ordinary	53 1%	Holding company	-	10,483
Your Energy Holding Limited	Great Britain	Ordinary	100 0%	Holding company	(542,562)	23,315,442
Your Energy Limited	Great Britain	Ordinary	100 0%	Development company	(2,483,788)	(3,815,905)
Indirectly held or Project companies						
Wind Energy (Dunan) Limited *	Great Britain	Ordinary	53 1%	Wind generation	-	-
Wind Energy (Earlshaugh) Limited	Great Britain	Ordinary	53 1%	Wind generation	(415,447)	60,630
Wind Energy (Forse) Limited	Great Britain	Ordinary	53 1%	Wind generation	(4,950)	210
Wind Energy (Glenmorie) Limited	Great Britain	Ordinary	53 1%	Wind generation	(581,522)	261,582
Wind Energy (Hanna) Limited	Great Britain	Ordinary	53 1%	Wind generation	(4,917)	23,511
Wind Energy (Hearthstanes) Limited	Great Britain	Ordinary	53 1%	Wind generation	(9,234)	10,229
Wind Energy (Newfield) Limited	Great Britain	Ordinary	51 8%	Wind generation	(1,074,698)	(5,036)
Wind Energy (North Rhins) Limited	Great Britain	Ordinary	100 0%	Wind generation	(2,733,215)	2,450,100
Wind Energy (Services) Limited	Great Britain	Ordinary	53 1%	Wind generation	1,515	143,901

* Dissolved in year 2011

AES K2 LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2011

9. Debtors: Amounts falling due within one year

	2011 £	2010 £
Amounts owed by subsidiary and related undertakings	2,283,686	911,641
Other Debtors	-	600,000
Trade Debtors	19,128	59,326
	<u>2,302,814</u>	<u>1,570,967</u>

10 Debtors: due after more than one year

	2011 £	2010 £
Deposits	1,200,017	929,902
Loan provided to subsidiary undertakings	22,398,054	1,141,520
Interest on loan provided to subsidiary undertakings	1,273,094	419,828
	<u>24,871,165</u>	<u>2,491,250</u>

The £1,200,017 (2010-£929,902) deposits represent security deposits paid to National Grid Electricity Transmission Plc (NGC) on behalf of certain Wind Energy project companies which bear interest at the Barclays base rate less 0.5%. In accordance with the Amended and Restated Framework Agreement, the company undertakes to provide, on behalf of the relevant Wind Energy project company, such security as NGC requires, at an agreed fee.

11 Creditors: Amounts falling due within one year

	2011 £	2010 £
Amounts owed to related companies	1,086,866	892,465
Amounts owed to parent company	12,964,154	-
Corporation tax	-	-
Audit fee accrual	9,650	9,188
Other accruals	2,707	107,397
	<u>14,063,377</u>	<u>1,009,050</u>

AES K2 LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2011

12. Creditors: Amounts falling due after more than one year

	2011 More than 5 years £	2010 More than 5 years £
Amounts owed to parent company	40,723,674	21,352,294
Amounts owed to group undertaking		67,306
	<u>40,723,674</u>	<u>21,419,600</u>

Out of the total amount owed to the parent company, £38,648,307 represents a loan principal repayable by year 2020-28 with an interest rate ranging from 5.90% to 8%

During the year the company entered into new loan agreements to finance through its subsidiary Your Energy Holdings Limited, the Wind Projects of Drone Hill Wind Farm and Six Penny Wind Farm

13 Provision for liabilities and charges

	2011 £	2010 £
At 1 January	703,436	338,230
Additions relating to the acquisition of Your Energy Limited		328,001
Less Acquisition cost related to Your Energy Limited paid	(328,000)	
Unwinding of discount on contingent consideration	41,296	37,205
	<u>416,732</u>	<u>703,436</u>

14. Called up share capital

	2011 £	2010 £
Allotted, Called Up and Fully Paid		
3 Ordinary shares	<u>3</u>	<u>3</u>

On 1 April 2010, one ordinary share of £1 each for a total nominal value of £1 as allotted to the immediate parent company at a premium of £6,366,104

On 20 April 2009, one ordinary share of £1 each for a total nominal value of £1 as allotted to the immediate parent company at a premium of £20,561,621

AES K2 LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2011

15 Capital and reserves

	Called up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 January 2011	3	26,927,725	1,295,865	28,223,593
Ordinary shares issued	-	-	-	-
Profit for the year	-	-	(8,377,161)	(8,377,161)
At 31 December 2011	<u>3</u>	<u>26,927,725</u>	<u>(7,081,296)</u>	<u>19,846,432</u>

16 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss)/Profit for the year	(8,377,161)	139,878
Issue of ordinary share capital	-	6,366,105
Net increase in shareholder's funds	<u>(8,377,161)</u>	<u>6,505,983</u>
Shareholders' funds at 1 January	28,223,593	21,717,610
Shareholders' funds at 31 December	<u>19,846,432</u>	<u>28,223,593</u>

17. Post balance sheet events

On 29 March 2012, the company has issued 3 ordinary shares of £1 each for a consideration of GBP 12,964,156

18 Related Parties Transactions

The company has taken advantage of the exemption granted by FRS 8 "Related Party Disclosures" not to disclose transactions with other undertakings within, and related parties of, The AES Corporation group (United States of America)

AES K2 LIMITED

Notes to the Financial Statements
For the Year Ended 31 December 2011

19 Controlling party

The immediate parent undertaking and controlling party is AES Swiss Lake Holdings B V , a company incorporated in Netherlands

The ultimate parent company and controlling entity, and parent of the smallest and largest group for which consolidated accounts are prepared of which this company is a part, is the AES Corporation, a company incorporated in the State of Delaware, USA. Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA